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MS&H

VIA EMAIL AND U.S. MAIL

March 28, 2019

Janet E. McHugh, Chair c/o Michael Lord, Executive Director
Maryland State Ethics Commission
45 Calvert Street, 3rd Floor
Annapolis, Maryland 21401

Linda B. Pierson, Chair c/o Anthony DeFranco, Executive Director
Baltimore City Ethics Board
City Hall, Room 250
100 N. Holliday Street
Baltimore, Maryland 21201

Re: Financial Disclosure

Dear Commissioner McHugh and Chairwoman Pierson:

I am counsel for the Board of Directors of Associated Black Charities (the “Board”). I write on behalf of the Board to apprise you of matters of which the Board has become aware that may be relevant to matters we believe are within your purview as both the Maryland State Ethics Commission and the Baltimore City Ethics Board concerning disclosure of certain financial transactions. It is our understanding that you are the appropriate entities to which to report such matters, and we are doing so to provide transparency and affirmative disclosure. By our disclosure of these matters, we are not suggesting that any person or entity referenced herein has engaged in conduct violative of any law, rule, regulation, policy, or procedure. Rather, our disclosure is made to apprise you of facts we have in our possession that may be relevant to the matters raised in recent news reports concerning the Honorable Catherine E. Pugh and Healthy Holly, LLC.

Factual Background

In 2011, then-Senator Catherine Pugh worked with Associated Black Charities to distribute copies of her book, Healthy Holly, to African-American children. At that time, Associated Black Charities spearheaded an initiative focused on addressing racial health disparities, including high rates of obesity among African-American children. As the attached chart reflects, between 2011

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Summary of ABC's interactions with Healthy Holly books

October 27, 2011

Grant Capital Management donation

- \$14,000 payment to ABC for 2,000 books
- \$12,000: ABC payment to Healthy Holly, LLC
- \$2,000 retained by ABC
- ABC packaged and delivered books to child care centers.

November 27, 2011

CareFirst donation

- \$7,000 payment to ABC for 1,000 books
- \$6,000: ABC payment to Healthy Holly, LLC
- \$1,000 retained by ABC
- ABC packaged and delivered books to child care centers.

October 3, 2013

Maryland Automobile Insurance Fund (MAIF) donation

- \$5,000 payment to ABC for 600 books
- \$4,448: ABC payment to Healthy Holly, LLC
- \$552 retained by ABC
- Healthy Holly, LLC had the responsibility for distribution of the books directly.

October 17, 2013

Ariel Investments donation

- \$3,680 payment to ABC for 400 books, which included \$80 for shipping charges
- \$3,680: ABC payment to Healthy Holly, LLC
- Records show \$0 retained by ABC
- Healthy Holly, LLC had the responsibility to ship books to Ariel for an African-American Executive Leadership conference.

March 21, 2014

CareFirst donation

- \$7,500 payment to ABC for 1,000 books
- \$6,500: ABC payment to Healthy Holly, LLC
- \$1,000 retained by ABC
- ABC delivered 600 books to youth-serving organizations; 400 books were damaged in storage and discarded.

Dec 22, 2016

Frederick Frank Trust donation

- \$50,000 payment to ABC for 5,000 books
- \$45,000: ABC payment to Healthy Holly, LLC
- \$5,000 retained by ABC
- ABC received 500 books, which were distributed by the ABC Eastern Shore Office.
- Healthy Holly, LLC had the responsibility to deliver the remaining 4,500 books to Baltimore City Public Schools.

Summary

- Number of payments to ABC: 6
- Total payments for books: \$87,180
- Total books paid for: 10,000
- Total payments to Healthy Holly, LLC: \$77,628
- Total gross receipts to ABC: \$9,552 (Note: these funds will be returned.)
- Total books distributed by ABC: 4,100; approximately 400 books were water-damaged in 2014 and not delivered.